

Capital Improvement Program

PROGRAM PURPOSE

The FY 2006/07 – 2010/11 CIP is a comprehensive five-year capital improvement plan designed to develop and identify projects and the associated funds required to adequately develop and maintain the Town's infrastructure and future capital improvements. To this end, the Town has established the following various master plans to provide a foundation in the development of goals and priorities for capital improvement projects:

- General Plan
- Street Improvement Program
- Storm Drain Master Plan
- Strategic Plan

The Town's capital projects are categorized into three program areas as described below:

- ***The Streets Program*** - was established to develop a functional street system that is consistent with the General Plan. Objectives include providing for a safe and efficient traffic flow through intersections while minimizing unnecessary traffic movement and noise through residential neighborhoods, and providing proper street lighting for traffic safety at intersections and public streets. The primary source of financing for this program comes from General Fund savings, Redevelopment Agency funds, and Gas Tax Fund revenues. Street projects may also receive funding from federal, state, and local grants.

Within the Streets Program, Storm Drain Fund monies are used for the construction of drainage facilities which occur in conjunction with other street improvements. Storm Drain funding is derived from a Town charge of 75 cents per square foot of impervious surface created by development. After many years at 33 cents per square foot, this rate was changed effective July 1, 2004. Depending on the level of development activity, these fees produce between \$100,000 to \$250,000 annually.

The Utility Undergrounding Fund is another funding source utilized in the Street Program. This fund accrues construction tax revenue of 18 cents charged for each square foot of building addition or alteration within the Town. This revenue is used for projects placing overhead utility lines underground in the effort to improve power reliability, reduce utility maintenance costs, and remove unsightly poles and lines. Utility Underground projects may also be funded by Pacific Gas and Electric Company's (PG&E) Rule 20A funds. Projects which will eliminate a heavy concentration of overhead electric lines in areas used extensively by the general public are nominated by the Town to PG&E. Approved projects are then funded through the Town's allocation of Rule 20A funds, which are electric tariffs accumulated by PG&E as a percentage of electric bills. The Town's allocation typically is in the range of \$150,000 annually.

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- ***The Public Facilities Program*** - includes projects for purchasing, constructing or making capital repairs to public buildings, structures, and equipment. Town buildings include the Civic Center, Neighborhood Center, Service Center, Tait Avenue and Forbes Mill Museums and partial service to the Recreation Center, which is a Town-owned building leased to the Los Gatos-Saratoga Recreation District. There is no designated funding for this program, and any allocations generally come from General Fund prior year savings or grant funds applied to qualified improvements, such as Community Development Block Grant funds for ADA improvements.
- ***The Parks Program*** - includes projects for parks, park buildings, urban forestry, and urban beautification. This capital program also does not have a designated revenue source, and funding is currently dependent on budgeted allocations from General Fund savings, grants and State park bond funds. Park projects may, on occasion, include community volunteer services for minor construction and clean-up projects.

PROGRAM PROCESS

A Capital Improvement Program (CIP) project includes the construction, acquisition, rehabilitation, or non-routine maintenance work that generally costs \$25,000 or more with a minimum useful life of 5 years at a fixed location. The CIP attempts to identify all capital maintenance, facilities, and improvements needed within the next five years, with cost estimates based on current year dollars. Estimates for carryover projects are updated as necessary to a recent engineer's estimate based upon current design specifications. Equipment, operating, and maintenance costs incurred as an outcome of CIP projects are identified and included in the operating budget.

Under direction from the Town Manager's Office, the Parks and Public Works Department took the lead in the preparation of the projects for consideration in the current Capital Improvement Program (reflected in detail in a separate document). In coordination with other Town departments, capital improvement projects and funding sources were reviewed and prioritized to ensure the Town's priorities are addressed and in conjunction with the preparation of the Operating Budget. The proposed CIP budget is then presented to the Planning Commission and the Town Council for review to ensure that the projects are consistent with the Town's General Plan.

This Operating and Capital Summary Budget document limits the Town's CIP financial information to the first year of the program, as it relates to the Town's Operating Budget. The full five year project outlook is available in the separate Capital Improvement Program budget document.

CAPITAL IMPROVEMENT PROGRAM

SUMMARY OF CIP REVENUES AND EXPENDITURES

	2002/03 Actuals	2003/04 Actuals	2004/05 Actuals	2005/06 Adopted	2005/06 Estimated	2006/07 Proposed
REVENUES						
<i>Miscellaneous Other Taxes</i>	146,206	169,440	410,371	173,000	310,000	157,000
<i>Intergvtl- Carryforward</i>	-	-	-	-	-	2,916,158
<i>Intergvtl- Current Year</i>	958,718	1,190,462	796,834	2,048,158	900,067	2,512,560
<i>Interest Income</i>	96,610	70,510	86,530	74,000	72,500	85,500
<i>Other Sources</i>	264,090	412,623	268,859	275,000	224,602	1,231,930
<i>Operating Transfers</i>	313,793	135,290	137,770	236,422	429,209	837,389
TOTAL REVENUES	1,779,416	1,978,326	1,700,364	2,806,580	1,936,378	7,740,537
EXPENDITURES						
<i>Salaries and Benefits</i>	-	24,030	29,150	-	8,260	-
<i>Operating Expenditures</i>	-	-	-	-	-	-
<i>Capital Projects - Carryfwd</i>	-	-	-	-	-	3,760,549
<i>Capital Projects - New</i>	4,217,689	3,787,197	835,126	4,360,756	2,196,103	4,178,464
TOTAL EXPENDITURES	4,217,689	3,811,227	864,276	4,360,756	2,204,363	7,939,013
OPERATING TRANSFERS						
<i>Transfer to General Fund</i>	155,130	228,742	171,572	176,000	126,000	146,430
<i>Transfer to GFAR</i>	50,000	-	-	-	-	-
TOTAL OP TRANSFERS	205,130	228,742	171,572	176,000	126,000	146,430

CAPITAL IMPROVEMENT PROGRAM

The following schedules summarize the Capital Improvement Projects completed in FY 2005/06, projects continuing into FY 2006/07, and new projects for FY 2006/07. Continuing and new projects are defined further in the following fund sections.

COMPLETED CIP PROJECTS FY 2006/07

	Est Exp Prior To FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
<i>GFAR Projects</i>					
Parking Management Plan	159,484	-	-	-	159,484
Blossom Hill Bathroom Roof	13,300	1,700	-	-	15,000
La Rinconada Trail Reconstruction	-	1,271	-	-	1,271
Neighborhood Ctr Air Exchange	4,820	51,460	-	-	56,280
West Valley Cities Dog Park	-	25,000	-	-	25,000
Fire Bell Tower at Tait Museum	-	5,000	-	-	5,000
Oak Hill Path Reconstruction	-	1,700	-	-	1,700
ADA Compliance - 25 Fiesta Way	-	5,250	-	-	5,250
<i>Grants and Awards Projects</i>					
La Rinconada Trail	1,361	33,639	-	-	35,000
Los Gatos Creek Trail Bridge	-	58,500	-	-	58,500
ADA Compliance - 25 Fiesta Way	-	55,412	-	-	55,412
<i>Storm Drain Projects</i>					
Alley Reconstruction	-	215,000	-	-	215,000
<i>RDA Capital Projects</i>					
Downtown Parking Improvement	526,701	27,599	-	-	554,300
Alley Reconstruction	259,166	154,894	-	-	414,060
Parking Lot 5 Repairs	-	250,000	-	-	250,000
<i>Total of Completed Projects</i>	964,832	886,425	-	-	1,851,257

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CARRYFORWARD CIP PROJECTS FY 2006/07

	Est Exp Prior To FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
<i>GFAR Carryforward Projects</i>					
Quito Bridge Replacement	11,630	5,000	118,730	-	135,360
Civic Center Master Plan	202,437	25,300	59,713	-	287,450
Town Infrastructure Needs	201,980	6,650	36,370	-	245,000
Traffic Calming	174,000	-	55,000	-	229,000
Town Beautification Improv	26,747	25,000	123,253	-	175,000
Curb, Gutter & Sidewalk	1,250,142	95,826	56,172	83,000	1,485,140
Street Repair & Resurfacing	8,730,892	378,443	-	-	9,109,335
Retaining Wall Repair	569,799	249,361	25,000	-	844,160
Skateboard Park (Donations)	-	-	-	775,000	775,000
Shannon Rd Trail	-	-	50,000	-	50,000
Roberts Rd Bridge	585	11,425	490	291,915	304,415
College Ave Walkway Repairs	-	-	1,250	-	1,250
PD Computer Aided Dispatch	-	112,196	17,804	-	130,000
Hwy 9 Safety Improvements	-	-	204,000	-	204,000
<i>Grants and Awards Carryforward Projects</i>					
Downtown Street Reconstruction	-	-	-	115,710	115,710
Park Grant Funds to be Allocated	-	-	302,154	(173,000)	129,154
Skateboard Park	36,530	7,475	80,995	100,000	225,000
ADA Projects to be Allocated	-	25,760	-	-	25,760
Roberts Rd Bridge Replacement	1,600	(1,600)	-	1,693,600	1,693,600
College Ave Walkway Repairs	-	-	16,500	57,250	73,750
Los Gatos Almaden Street Imprv	-	22,000	255,504	-	277,504
Bachman Park Irrigation Upgrades	-	-	100,000	-	100,000
Balzar Field Facility Improvements	-	-	130,000	-	130,000
Oak Meadow Park Walkway	-	-	-	-	-
Hwy 9 Safety Improvements	-	70,000	1,495,000	-	1,565,000
<i>Storm Drain Carryforward Projects</i>					
Wedgewood Ave Street Imprv	-	7,386	192,614	-	200,000
Los Gatos Almaden Street Imprv	-	-	-	50,000	50,000
<i>Gas Tax Carryforward Projects</i>					
Street Repair & Resurfacing	1,453,166	810,231	-	500,000	2,763,397
Los Gatos Almaden Street Imprv	-	-	40,000	-	40,000
<i>Redevelopment Agency Projects</i>					
Downtown Street Reconstruction	1,159,090	830,000	806,850	-	2,795,940
Santa Cruz/Wood Gateway Design	-	-	65,000	-	65,000
<i>Total of Carryforward Projects</i>	13,818,599	2,680,453	4,232,399	3,493,475	24,224,926

CAPITAL IMPROVEMENT PROGRAM

NEW CIP PROJECTS FY 2006/07

	Est Exp Prior To FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
<i>GFAR Projects</i>					
Information System Upgrade	-	-	-	425,000	425,000
Telephone System Upgrade	-	-	-	100,000	100,000
Civic Center Leak Repairs	-	-	-	110,000	110,000
Audio/Video System Upgrade	-	-	-	52,000	52,000
Annual Street Restriping	-	-	-	50,000	50,000
School Route Eval & Design	-	-	-	30,000	30,000
Blossom Hill Rd Sidewalk Imprv	-	-	-	95,000	95,000
N. Santa Cruz/Roberts Crosswalk	-	-	-	25,000	25,000
<i>Grants and Awards Projects</i>					
Recreation Bldg ADA Restrooms	-	-	-	25,000	25,000
ADA Sidewalk Ramps	-	-	-	27,389	27,389
Belgatos Parking Lot Resurf	-	-	-	25,000	25,000
Blossom Hill Park Pathway	-	-	-	25,000	25,000
Live Oak Manor Park Imprv	-	-	-	38,000	38,000
LG Creek Trail - Pathway Resurf	-	-	-	45,000	45,000
Oak Meadow Restroom Repairs	-	-	-	40,000	40,000
<i>Total of New Projects</i>	-	-	-	1,112,389	1,112,389

Capital Improvement Program

GENERAL FUND APPROPRIATED RESERVES FUND 400

FUND PURPOSE

The General Fund Appropriated Reserve (GFAR) accounts for funds designated for use in the Town's ongoing program for the development of facilities and general infrastructure improvements. This includes basic needs such as street and parking lot repair and resurfacing, curbs, gutters, retaining walls, and maintenance of various other Town facilities. GFAR also provides for community improvements, such as Town beautification projects and traffic calming, and for foundational aspects of Town government such as technology projects and master planning work.

Revenues which support GFAR projects are derived from General Fund operational savings, from intergovernmental cost sharing agreements on joint projects, and from Road Impact Fees. Designated revenues are accounted for in other CIP funds, and may be used in conjunction with GFAR funds in the development of capital projects.

BUDGET OVERVIEW

Pursuant to Article III of Chapter 15 of the Town Code, the Town collects road impact fees in support of road construction and maintenance projects throughout the town. Article IX of Chapter 15 authorized the establishment of three special fund accounts known as Road Impact #1, Road Impact #2, and Road Impact #3. Beginning in FY 1998/99 these fees were deposited directly into GFAR for use in the Street Resurfacing Program. Total Road Impact Fees of \$101,930 are budgeted for FY 2006/07, consistent with prior year revenues and projected building trends.

Another significant source of funding to the Town's capital program is General Fund operational savings. The recent economic slowdown had impacted the Town's General Fund to the extent that General Fund savings were minimal. With the integration of stringent budgeting practices in recent years and identification of the lack of dedicated funding for the Capital Improvement Program (CIP), an increase of the standard funding transfer to the Capital Improvement Fund was authorized to increase from \$75,000 to \$150,000 beginning in FY 2005/06 and years forward. This additional funding will be set aside for planning purposes from the General Fund's Capital and Special Projects Reserve ending fund balance, to be incorporated as a CIP funding source in future years. It is expected that future savings and revenue increases will continue to be obtained from under-expending the General Fund operating budget and from General Fund operating revenue surpluses.

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
General Fund Appropriated Reserve

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Designated for Parking	1,972,000	1,972,000	1,972,000	1,972,000	1,972,000	1,972,000
Unrestricted	6,325,503	4,212,609	2,030,601	1,840,638	1,840,638	1,640,475
Total Beginning Fund Balance	8,297,503	6,184,609	4,002,601	3,812,638	3,812,638	3,612,475
Revenues						
Intergovernmental	404,966	96,856	-	-	260,567	-
Other Sources	264,090	412,623	198,859	95,000	204,602	956,930
Operating Transfers	125,001	84,690	75,000	150,000	335,250	785,000
Total Revenues	794,057	594,170	273,859	245,000	800,419	1,741,930
TOTAL SOURCE OF FUNDS	\$9,091,560	\$6,778,779	\$4,276,460	\$4,057,638	\$4,613,057	\$5,354,405
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Operating Expenditures	-	-	-	-	-	-
Capital Projects - Carryfwd	-	-	-	-	-	747,782
Capital Projects - CY	2,906,951	2,776,178	463,822	1,432,049	888,386	1,609,515
Fixed Assets	-	-	-	-	112,196	427,400
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	2,906,951	2,776,178	463,822	1,432,049	1,000,582	2,784,697
Operating Transfers						
Transfer to General Fund	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Designated for Parking	1,972,000	1,972,000	1,972,000	1,972,000	1,972,000	1,972,000
Designated for Grants	-	-	-	-	-	125,000
Unrestricted	4,212,609	2,030,601	1,840,638	653,589	1,640,475	472,708
Total Ending Fund Balance	6,184,609	4,002,601	3,812,638	2,625,589	3,612,475	2,569,708
TOTAL USE OF FUNDS	\$9,091,560	\$6,778,779	\$4,276,460	\$4,057,638	\$4,613,057	\$5,354,405

∞ CAPITAL IMPROVEMENT PROGRAM ∞
General Fund Appropriated Reserve

The following GFAR schedule identifies projects completed in FY 2005/06, projects carried forward into FY 2006/07, and new FY 2006/07 projects, as part of the FY 2006-2011 Capital Improvement Program:

GENERAL FUND APPROPRIATED RESERVES (GFAR)

FY 2006/07

	Est. Exp Prior To FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
<i>Completed Projects</i>					
Parking Management Plan	159,484	-	-	-	159,484
Blossom Hill Bathroom Roof	13,300	1,700	-	-	15,000
La Rinconada Trail Reconstruction	-	1,271	-	-	1,271
Neighborhood Ctr Air Exchange	4,820	51,460	-	-	56,280
West Valley Cities Dog Park	-	25,000	-	-	25,000
Fire Bell Tower at Tait Museum	-	5,000	-	-	5,000
Oak Hill Path Reconstruction	-	1,700	-	-	1,700
ADA Compliance - 25 Fiesta Way	-	5,250	-	-	5,250
<i>Total of Completed Projects</i>	177,604	91,381	-	-	268,985
<i>Carryforward Projects</i>					
Quito Bridge Replacement	11,630	5,000	118,730	-	135,360
Civic Center Master Plan	202,437	25,300	59,713	-	287,450
Town Infrastructure Needs	201,980	6,650	36,370	-	245,000
Traffic Calming	174,000	-	55,000	-	229,000
Town Beautification Improv	26,747	25,000	123,253	-	175,000
Curb, Gutter & Sidewalk	1,250,142	95,826	56,172	83,000	1,485,140
Street Repair & Resurfacing	8,730,892	378,443	-	-	9,109,335
Retaining Wall Repair	569,799	249,361	25,000	-	844,160
Skateboard Park (Donations)	-	-	-	775,000	775,000
Shannon Rd Trail	-	-	50,000	-	50,000
Roberts Rd Bridge	585	11,425	490	291,915	304,415
College Ave Walkway Repairs	-	-	1,250	-	1,250
PD Computer Aided Dispatch	-	112,196	17,804	-	130,000
Hwy 9 Safety Improvements	-	-	204,000	-	204,000
<i>Total of Carryforward Projects</i>	11,168,213	909,201	747,782	1,149,915	13,975,111
<i>New Projects</i>					
Information System Upgrade	-	-	-	425,000	425,000
Telephone System Upgrade	-	-	-	100,000	100,000
Civic Center Leak Repairs	-	-	-	110,000	110,000
Audio/Video System Upgrade	-	-	-	52,000	52,000
Annual Street Restriping	-	-	-	50,000	50,000
School Route Eval & Design	-	-	-	30,000	30,000
Blossom Hill Rd Sidewalk Imprv	-	-	-	95,000	95,000
N. Santa Cruz/Roberts Crosswalk	-	-	-	25,000	25,000
<i>Total of New Projects</i>	-	-	-	887,000	887,000
<i>Total FY 2006/07 GFAR Funding</i>	11,345,817	1,000,582	747,782	2,036,915	15,131,096

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General Fund Appropriated Reserve

FY 2006/07 KEY PROJECTS

The following Capital Improvement Program projects funded with GFAR funding and/or donations which flow through the GFAR Fund, are expected to be Key Projects in FY 2006/07:

STREETS PROGRAM

- ***Quito Bridge Replacement*** (400-0112) – This project funds the replacement of two functionally obsolete bridges that span San Tomas Aquino Creek along Quito Road. The project is a joint effort between the Town of Los Gatos, City of Saratoga, and the Santa Clara Valley Water District, with the City of Saratoga serving as the lead agency for the project. Eighty percent (80%) of the funding for the project is provided through the Federal Highway Bridge Replacement and Rehabilitation (HBRR) program, with the remaining 20% shared equally between the three participating local agencies. The City of Saratoga has faced a number of challenges and delays during the progression of this project, including unplanned reconstruction and additional right-of-way acquisitions. Once all the issues are addressed and design completed, the project will be ready for construction. The project budget will be adjusted accordingly and the City of Saratoga will pursue funding increases from CalTrans on this project.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Traffic Calming*** (400-0208) – This project provides funding to develop and implement various traffic calming projects, conduct additional minor studies and traffic improvements in accordance with the Town's Traffic Calming Policy. As many of the priority projects are completed, and requests for traffic calming has reduced substantially, ongoing funding is being reduced for future years.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Curb, Gutter, and Sidewalk*** (400-0349) – This project funds the annual repair and replacement of deficient curbs, gutters, and sidewalks throughout the Town. Locations for repair and replacement work are identified throughout the year by Parks and Public Works Department staff, and are prioritized in coordination with the annual Street Resurfacing Program, as applicable. Council consideration for the implementation of a 50/50 cost sharing program with property owners to leverage the funding available for sidewalk repair, may be brought forward at a later date.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Street Repair and Resurfacing*** (400-0352) – This project funds the Town's annual Street Repair and Resurfacing Program for preventative and deferred maintenance. Work will consist of a balanced program of surface seals, street reconstruction, and pavement overlays, with supplemental maintenance activities performed by the Park and Public Works Department staff. Since the year 2000, substantial progress was made towards improving the condition of the streets in Los Gatos, with nearly half of the

∞ CAPITAL IMPROVEMENT PROGRAM ∞
General Fund Appropriated Reserve

Town's streets receiving various resurfacing treatments. From this investment, the Pavement Condition Index (PCI) that was 64 in 2000 was raised to 75 in 2005. Prior assessments determined that to keep the PCI at 75 would require approximately \$1.9 million dollars annually. Currently, Town funds are not available for this level of maintenance, and with the rainy winter in early 2006 resulting in aggravated deterioration to the roads, additional funding will likely be needed. In addition, an updated assessment of damage resulting from the rains may result in a re-prioritization of targeted street repairs in FY 2006/07. Alternative financing options are being reviewed, and limited funding may be available from year end fund balance in future years.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Retaining Wall Repair and Replacement*** (400-0406) – The retaining wall replacement program is an ongoing project to fund the repair or replacement of retaining walls that have become structurally deficient. Retaining walls both hold embankments and support roadways, and are an integral part of maintaining the hillside roadway system. A number of locations throughout the hillside roads in Town need replacement of retaining walls due to site specific conditions. A typical retaining wall of 100 feet costs nearly \$200,000 to build. The CIP includes funding to address approximately one retaining wall per year, however for FY 2006/07, only \$25,000 of funding is programmed for minor retaining wall repairs due to the planned project workload. Retaining wall assessments are proactive with work prioritized based on need; however ranking may change as need arises.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Roberts Road Bridge Improvements*** (400-0568) –At the May 2, 2005 Town Council Meeting, Council decided to pursue Caltrans bridge funding to replace the existing bridge with a new structure. Replacement of the bridge is estimated to cost \$2.0 million to build a structure in compliance with Caltrans standards, provide proper placement of utility lines inside the structure, and increase the level of seismic protection. This project reflects the matching cost of \$300,000 associated with the bridge replacement alternative, assuming grant funding is obtained.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Highway 9 Safety Improvements*** (400-0614) – This highway safety project is a joint effort between Los Gatos, Monte Sereno, and Saratoga to increase safety for pedestrians and bicyclists along Highway 9 from Los Gatos to Saratoga through the construction of roadway safety enhancements. This project is funded by a \$1.5 million bicycle safety program grant from the Metropolitan Transportation Commission, and matching contributions from each of the three jurisdictions based upon the amount of highway and planned improvements. The Town anticipates contributing engineering staff time and \$51,000 in funding for this project.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

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General Fund Appropriated Reserve

- ***Annual Street Restriping*** (400-0710) – This project is an annual program to restripe the highest priority streets with thermo-plastic striping to keep streets in safe condition for use by the public. Thermo-plastic striping is thicker, more durable, and has higher visibility than roadway paint, and in turn, improves roadway safety. Restriping work is done in conjunction with street paving projects; however this annual program is to provide funding for restriping outside of a paving project.

Operating Budget Impacts – Street maintenance staff time for project oversight is incorporated into the department's operating budget workplan.

- ***School Route & Evaluation*** (400-0711) – This project will evaluate the pedestrian access around Fisher and Van Meter schools and prepare a concept design which will be used in the future for design and construction of pedestrian facilities to these school sites. The proper evaluation of proposed projects will assist in determining sidewalk construction needs and pedestrian access and safety issues.

Operating Budget Impacts – Engineering staff time for project oversight is incorporated into the department's operating budget workplan.

- ***Blossom Hill Road Sidewalk Improvements*** (400-0712) – This project installs a sidewalk on the south side of Blossom Hill Road, between University Ave and Roberts Road, where there is no designated, safe pedestrian area, by moving the vehicle lanes northward and installing a concrete sidewalk and curb/gutter system on the south side. The sidewalk construction will improve pedestrian and bicyclist access and safety, and is funded through GFAR and a community donation.

Operating Budget Impacts – Engineering staff time for project oversight is incorporated into the department's operating budget workplan.

- ***N. Santa Cruz Ave Roberts Rd Crosswalk*** (400-0713) – This project will install safety devices to enhance pedestrian safety for this high-use crosswalk. This crosswalk, on the north side of downtown, connects neighborhoods on both sides of the street to businesses. Several crosswalk alternatives are being considered including bulb-outs, median islands, and crosswalk lighting enhancements.

Operating Budget Impacts – Engineering staff time for project oversight is incorporated into the department's operating budget workplan.

PARKS PROGRAM

- ***Skateboard Park*** (400-0412) – This project funds the design and construction of a 12,300 square foot skateboard park at the 41 Miles Avenue site to promote youth and family skateboarding activities. Currently, the project is funded with \$225,000 of State Bond Grants, and will need a community matching grant of \$775,000. Community fundraising efforts are underway. Designated GFAR funding of \$125,000 has been set aside to fund preliminary expenses already completed if the project fails to meet the project completion timeline required for reimbursement under the State Bond Grant.

Operating Budget Impacts – Engineering staff time for project oversight is incorporated into the department's operating budget workplan.

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General Fund Appropriated Reserve

- **Trail Construction – Shannon Road** (400-0566) – This project will construct a section of trail within a property as part of an overall trail system. This trail will provide a connection between new trails constructed as part of the Shannon Valley Ranch development and trails on Santa Rosa Drive. The trail will be approximately ½ mile long and 4 feet wide, and is planned for completion by Summer 2006. This project is funded by a \$50,000 community contribution from the developer of the William Switzer property, who provided funding in 2001 for the construction of this trail connection.

Operating Budget Impacts – Engineering staff time for the design of this project, and Parks Maintenance staff time for project oversight and construction is incorporated into the department's FY 2006/07 budget workplans. Ongoing maintenance costs for the trail system will be minimal until the connecting trail links are added.

PUBLIC FACILITIES

- **Civic Center Master Plan** (400-0202) – On April 25, 2002, the Town Council approved an agreement which began the process for development of a Civic Center /Library Master Plan. The project entails a three-phased approach: a Service Assessment; an Operational and Space Program; and Site Options and Master Plan Concepts. This scope of work includes cost models, financing and funding strategies, and a phasing plan. In its entirety, the Master Plan will identify the services needs of the community and set forth operational and physical models for accommodating the service needs. The Master Plan does not include architectural design. Due to fiscal constraints, work on the Master Plan was put on hold in FY 2003/04. In March 2005, the Town Council directed staff to proceed with the Master Plan. The service assessment was completed in early 2006, and the operational plan and space program are expected to be completed as of June, 2006. During FY 2006/07, site options will be developed, followed by the Master Plan concepts.

Operating Budget Impacts – Preparation and project oversight by the Town Manager and management staff is incorporated into the FY 2006/07 operating budget workplan.

- **Town Infrastructure Needs** (400-0207) – This project funds an initial 'Needs Assessment' of the Town's infrastructure. The priority areas of focus will be on the Town's fleet management program, signs, trees, buildings, parks and underground storm drainage system. The results of the Needs Assessment will be to prioritize future capital planning and programming investments, as well as to identify capital financing strategies. The Needs Assessment also assists the Town with meeting GASB 34 accounting and reporting requirements. The Town-wide Asset Management project began the first phase of its implementation in April, 2005. This work included the installation of software for: Vehicle Fleet System, Work Order, Request Call System, Street Light and Traffic Signals. For FY 2006/07, temporary staff is being utilized to further integrate the asset management system and workload tracking software into daily operations.

Operating Budget Impacts – Project oversight by the Parks and Public Works department staff is incorporated into the FY 2006/07 budget workplan.

∞ CAPITAL IMPROVEMENT PROGRAM ∞
General Fund Appropriated Reserve

- ***Town Beautification Improvements*** (400-0223) – This project funds Town-wide beautification projects on an as-needed basis. Past projects include a banner program along major arterial roadways, trash receptacle improvements, lighting upgrades for the holiday tree, and flower bulbs for downtown street planters. Future planned projects include landscape irrigation upgrades to street medians and roadside banks to both improve irrigation and eliminate water runoff.

Operating Budget Impacts – Project oversight is incorporated into the Parks and Public Works department FY 2006/07 budget workplan.

- ***PD Computer Aided Dispatch*** (400-0612) - This project upgrades the hardware and software for the Police Department's Computer Aided Dispatch and Records Management System to enhance functionality and increase efficiency. This main information system is utilized by the Town's Police Department for all phases of daily police activity: to log detailed records of calls; for dispatch and messaging of patrol units; writing of reports; looking up information; and to produce reports. The department had accumulated equipment replacement funding which was utilized for this project.

Operating Budget Impacts – Management Information System (MIS) staff time for oversight of this project is incorporated into the department's operating budget workplan.

- ***Information System Upgrade*** (400-0701) – This project upgrades the Town's financial and human resources information system. The current information system (DOS version of Pentamation) is outdated and increasingly incompatible with newer technological systems. The Pentamation software firm will no longer be supporting this aged system in the next year, which further endangers its liability. The new version of Pentamation allows for functional and operational improvements, database integration, and flexibility. Replacement funding was accumulated over the life of the existing system in the MIS fund. In January, 2006, Council authorized a \$400,000 transfer from MIS to GFAR to fund the purchase and implementation of the new system.

Operating Budget Impacts – Management Information System (MIS) staff time for oversight of this project is incorporated into the department's operating budget workplan.

- ***Telephone System Upgrade*** (400-0702) – The current telephone system is in danger of system failure due to its technologically outdated software and system components. This project will upgrade the telephone PBX switch and complete the migration from the original mid-1980s PBX to the newer switch installed in 2000. This project is funded through a transfer to GFAR from accumulated replacement funds set aside in the MIS Fund.

Operating Budget Impacts - Project oversight by Building Maintenance staff is incorporated into the Building Maintenance Fund operating budget.

- ***Civic Center Leak Repairs*** (400-0703) – This project is to repair leaks in various places on the concrete deck serving as a roof over the lower floor of the Civic Center, and enlarges deck drains to prevent flooding of plaza level offices. Ongoing leakage is caused by a failure of the waterproof membrane between the layers of concrete, and from compromised flashing between the concrete deck and the brick wall. Temporary repairs have mitigated major damage and work disruption; however

∞ CAPITAL IMPROVEMENT PROGRAM ∞
General Fund Appropriated Reserve

permanent repairs are required to fix this problem to prevent further infrastructure damage from water intrusion. Funding for this repair is to be transferred from the Building Maintenance Fund Balance.

Operating Budget Impacts – Staff time for oversight of this project is incorporated into the Building Maintenance operating budget workplan.

- ***Audio/Video System Upgrade*** (400-0707) – This project provides for the replacement and/or upgrade of Council Chamber video, audio/visual, and other applicable equipment used for televised and non-televised public meetings. The current system will be five years old in FY 2007/08, which is considered the average life span for most electronic equipment. A portion of this project is to enhance the current system with operational improvements; the remaining funding provides replacement of current equipment. To ensure efficient meeting management and presentation equipment, and a quality viewing product, the Town must remain technologically up-to-date.

Operating Budget Impacts – Staff time for oversight of this project is incorporated into the Building Maintenance operating budget workplan.



Capital Improvement Program

TRAFFIC MITIGATION FUND FUND 405

FUND PURPOSE

Pursuant to Article VII of Chapter 15 of the Town Code, the Town collects traffic impact mitigation fees to finance transportation and traffic improvements throughout the Town. Article IV of Chapter 15 authorizes the establishment of a fund into which all such fees and interest on those fees is deposited. The first traffic mitigation fees were collected on October 24, 1991. Money collected from such fees is to be used solely for construction of identified traffic and transportation projects to mitigate the traffic impacts of new development, and are not used for routine repairs and maintenance.

BUDGET OVERVIEW

Funds collected as Traffic Mitigation fees are recorded as deferred revenue until the time of use for appropriated projects. The administration fees collected as a percentage of this revenue are realized at the time of receipt to recognize the Town's ongoing administrative functions in providing program oversight. Appropriations of Traffic Mitigation funds are controlled through Town Council action, after evaluation of the benefits gained by proposed projects for their positive impacts on traffic.

For several years, the Town has allowed fund balances to accrue to accumulate funding for future traffic mitigation projects. No projects are scheduled for development in FY 2006/07 however; several projects planned for upcoming years are in the preliminary planning stage. This includes the redesign and construction of the following intersections to correct the heavily traveled and congested roadway junctions in order to improve safety features and accommodate proper vehicular movement:

- Highway 9 / University Avenue Intersection
- Winchester / Lark intersection
- Winchester / Knowles Intersection
- Los Gatos Blvd / Lark Avenue Intersection

Staff will continue to review the purpose of the Traffic Mitigation Fund to identify additional opportunities for funding traffic-related projects in future CIP budgets.

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Traffic Mitigation Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Deferred Revenue	2,060,896	2,322,415	2,677,131	2,986,161	2,986,161	3,083,688
Unrestricted	201,200	102,070	40,704	45,132	45,132	45,132
Total Beginning Fund Balance	2,262,096	2,424,485	2,717,835	3,031,293	3,031,293	3,128,820
Revenues						
Interest Income	-	-	-	-	-	-
Other Sources	-	-	70,000	180,000	20,000	275,000
Operating Transfers	-	-	-	-	-	-
Total Revenues	-	-	70,000	180,000	20,000	275,000
TOTAL SOURCE OF FUNDS	\$2,262,096	\$2,424,485	\$2,787,835	\$3,211,293	\$3,051,293	\$3,403,820
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Operating Expenditures	-	-	-	-	-	-
Capital Projects - Carryfwd	-	-	-	-	-	-
Capital Projects - CY	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Operating Transfers						
Transfer to General Fund	49,130	61,366	65,572	70,000	20,000	40,430
Transfer to GFAR	50,000	-	-	-	-	-
Total Operating Transfers	99,130	61,366	65,572	70,000	20,000	40,430
Ending Fund Balance						
Deferred Revenue	2,322,415	2,677,131	2,986,161	3,023,688	3,083,688	3,143,688
Unrestricted	102,070	40,704	45,132	155,132	45,132	279,702
Total Ending Fund Balance	2,424,485	2,717,835	3,031,293	3,178,820	3,128,820	3,423,390
TOTAL USE OF FUNDS	\$2,523,615	\$2,779,201	\$3,096,865	\$3,248,820	\$3,148,820	\$3,463,820

Capital Improvement Program

GRANT AND AWARDS PROJECT FUND FUND 410

FUND PURPOSE

The Grants and Awards Project Fund is typically comprised of projects funded by: Federal Housing and Urban Development Community Development Block Grants (CDBG); the Department of Transportation Seismic Safety Retrofit Program; Transportation Development Act (TDA) Article 3 Funds; Proposition 12 Funding (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act); and Safe Route to School Grants. Additional grants and awards may also be a funding source utilized in this fund. The expenditures in this fund are restricted to identified projects solely funded by grants.

BUDGET OVERVIEW

For FY 2006/07, there are eleven grant funded carryforward projects and seven new projects. Two of the eleven carryforward projects are funding placeholder projects (CDBG/ADA funds and Park Grant Funds), meaning there are nine actual projects continuing in process. One ADA funded project was completed in FY 2005/06: the ADA accessible ramps for the Town office building housing the Human Resources Department and meeting rooms. The Los Gatos Creek Trail Bridge wooden plank replacement project funded with TDA and Caltrans Hazard Elimination Safety Grant funds was completed in FY 2005/06, as was the La Rinconada Trail reconstruction project that was funded by GFAR and TDA funds. The grant funding portion of the Wedgewood Avenue Project was eliminated as the VTA grant was not approved, however the Town's portion of the project continues to be funded in GFAR. The Oak Meadow Park Trellis project was cancelled due to the project's cost greatly exceeding the estimate.

Grant and Award CIP projects receive funding from a variety of sources. With the approval of State of California's Proposition 12 (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000) and Proposition 40 (Roberti-Z' Berg-Harris Grant Program) two major funding sources became available for a variety of park-related improvement projects. Additional project funding will come from the State Urban Parks and Healthy Communities Program and Monte Sereno for the Skate Board Park project, from VTA and TDA funds for a College Avenue walkway, and from the Surface Transportation Program (STP) to resurface designated arterial and collector streets.

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Grant and Awards Project Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Unrestricted	19,711	(88,240)	35,403	(4,024)	(4,024)	(99,925)
Total Beginning Fund Balance	19,711	(88,240)	35,403	(4,024)	(4,024)	(99,925)
Prior Year Grant Carryforward						2,916,158
Current Year Revenues						
Intergovernmental - CY	-	537,497	243,813	1,617,158	93,500	1,966,560
Other Sources						
Operating Transfers	188,792	50,600	62,770	86,422	93,959	52,389
Total Revenues	188,792	588,097	306,583	1,703,580	187,459	4,935,107
TOTAL SOURCE OF FUNDS	\$ 208,503	\$ 499,857	\$ 341,986	\$1,699,556	\$ 183,435	\$4,835,182
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	24,030	27,781	-	8,260	-
Capital Projects - Carryfwd						2,780,153
Capital Projects - CY	296,743	373,270	316,860	1,663,476	275,100	2,018,949
Internal Service Charges	-	6,397	1,369	-	-	-
Total Expenditures	296,743	403,698	346,010	1,663,476	283,360	4,799,102
Operating Transfers						
Transfer to General Fund	-	60,756	-	-	-	-
Total Operating Transfers	-	60,756	-	-	-	-
Ending Fund Balance						
Designated for Parking	-	-	-	-	-	-
Unrestricted	(88,240)	35,403	(4,024)	36,080	(99,925)	36,080
Total Ending Fund Balance	(88,240)	35,403	(4,024)	36,080	(99,925)	36,080
TOTAL USE OF FUNDS	\$ 208,503	\$ 499,857	\$ 341,986	\$1,699,556	\$ 183,435	\$4,835,182

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Grant and Awards Project Fund

The following schedule summarizes and categorizes Grant and Award CIP Projects as completed, carryforward, and new projects:

GRANTS & AWARDS CIP PROJECTS
FY 2006/07

	Est Exp Prior to FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
Completed Projects					
Wedgewood Ave Street Imprv				(grant portion) project cancelled	
Oak Meadow Park Trellis				project cancelled	
La Rinconada Trail	1,361	33,639	-	-	35,000
Los Gatos Creek Trail Bridge	-	58,500	-	-	58,500
ADA Compliance - 25 Fiesta Way	-	55,412	-	-	55,412
Total of Completed Projects	1,361	147,551	-	-	148,912
Carryforward Projects					
Downtown Street Reconstruction	-	-	-	115,710	115,710
Park Grant Funds to be Allocated	-	-	302,154	(173,000)	129,154
Skateboard Park	36,530	7,475	80,995	100,000	225,000
ADA Projects to be Allocated	-	25,760	-	-	25,760
Roberts Rd Bridge Replacement	1,600	(1,600)	-	1,693,600	1,693,600
College Ave Walkway Repairs	-	-	16,500	57,250	73,750
Los Gatos Almaden Street Imprv	-	22,000	255,504	-	277,504
Bachman Park Irrigation Upgrades	-	-	100,000	-	100,000
Balzar Field Facility Improvements	-	-	130,000	-	130,000
Oak Meadow Park Walkway				project moved to FY 2007/08	
Hwy 9 Safety Improvements	-	70,000	1,495,000	-	1,565,000
Total of Carryforward Projects	38,130	123,635	2,380,153	1,793,560	4,335,478
New Projects					
Recreation Bldg ADA Bathrooms	-	-	-	25,000	25,000
ADA Sidewalk Ramps	-	-	-	27,389	27,389
Belgatos Parking Lot Resurf	-	-	-	25,000	25,000
Blossom Hill Park Pathway	-	-	-	25,000	25,000
Live Oak Manor Park Imprv	-	-	-	38,000	38,000
LG Creek Trail - Pathway Resurf	-	-	-	45,000	45,000
Oak Meadow Bathroom Repairs	-	-	-	40,000	40,000
Total of New Projects	-	-	-	225,389	225,389
Grant and Awards Project Totals:	39,491	271,186	2,380,153	2,018,949	4,709,779

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Grant and Awards Project Fund

FY 2006/07 KEY PROJECTS

The following Capital Improvement Program projects are funded with grant funding and are expected to be Key Projects in FY 2006/07:

STREETS PROGRAM

- ***Roberts Road Bridge Improvements*** (400-0568) – At the May 2, 2005 Town Council Meeting, Council decided to pursue Caltrans bridge funding to replace the existing bridge with a new structure. Replacement of the bridge is estimated to cost \$2.0 million to build a structure in compliance with Caltrans standards, provide proper placement of utility lines inside the structure, and increase the level of seismic protection. This project reflects a Caltrans grant of approximately \$1.7 million, assuming grant funding is obtained. The \$300,000 matching requirement is funded in GFAR.

Operating Budget Impacts – Street maintenance staff time to ensure the bridge is secured from vehicle traffic and engineering staff for project oversight is incorporated into the operating budget.

- ***College Avenue Walkway Repair*** (410-0601) – Due to the poor condition of the College Avenue sidewalk and railing, pedestrians often walk on the street portion of College Avenue, which is a narrow and steep road with two-way vehicular traffic. This project is scheduled to replace the asphalt sidewalk and fencing to improve pedestrian safety. The Town is funding \$1,250 from GFAR, and has applied for a \$57,250 VTA grant and \$16,500 in TDA Article 3 funds. If approved, the project will take place in mid 2006.

Operating Budget Impacts – Engineering staff time for project oversight is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Highway 9 Safety Improvements*** (410-0614) – This highway safety project is a joint effort between Los Gatos, Monte Sereno, and Saratoga to increase safety for pedestrians and bicyclists along Highway 9 from Los Gatos to Saratoga through the construction of roadway safety enhancements. This project is funded by a \$1.5 million bicycle safety program grant from the Metropolitan Transportation Commission, and matching contributions from each of the three jurisdictions based upon the amount of highway in the jurisdiction and planned improvements. The Town anticipates contributing engineering staff time and \$51,000 in funding for this project.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Downtown Street Reconstruction*** (410-0217) – The third and final phase of the Downtown Street Reconstruction Project resurfaces Main Street from N. Santa Cruz Avenue to College Avenue, and replaces the existing sidewalks, curbs, and gutters along Main Street, improves lighting, and replaces the traffic signal at Main Street and University Avenue. Phase III should be completed in the summer of 2006. STP grant funding will be utilized in conjunction with Redevelopment Funds. Remaining Alley Reconstruction project funds of \$142,940 were transferred into this project for FY 2006/07.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Grant and Awards Project Fund

- ***Los Gatos Almaden Street Improvements*** (410-0606) – Los Gatos Almaden Road will be rehabilitated and resurfaced through grant funding of \$277,504 awarded to the Town from the Surface Transportation Program, and \$40,000 of Gas Tax funding. In addition, \$50,000 from the Storm Drain Fund will fund the construction of sidewalks, gutters, and storm drains along a portion of this street that is roadway asphalt abutting dirt pathways. The STP grant funding provides for arterial and collector roads to be rehabilitated and resurfaced. Any remaining grant funding will be applied to street rehabilitation work on neighboring collector roadways, such as Camino Del Cerro, Lester Lane, and National Avenue.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***Highway 9 Safety Improvements*** (400-0614) – This highway safety project is a joint effort between Los Gatos, Monte Sereno, and Saratoga to increase safety for pedestrians and bicyclists along Highway 9 from Los Gatos to Saratoga through the construction of roadway safety enhancements. This project is to be funded with a \$1.5 million bicycle safety program grant from the Metropolitan Transportation Commission, and matching contributions from each of the three jurisdictions based upon the amount of highway and planned improvements. The Town anticipates contributing engineering staff time and \$51,000 in funding for this project.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

- ***ADA Sidewalk Ramps*** (410-0714) - This project utilizes Community Development Block Grant (CDBG) American with Disabilities Act funding to modify existing sidewalks and medians that prohibit handicap access around Town, to allow wheelchair and other wheel based equipment proper street and sidewalk access.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.

PARKS PROGRAM

- ***Park Grant Funds*** (410-0340) – With the approval of State of California Proposition 12 (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act) and Proposition 40 (Roberti-Z' Berg-Harris Grant Program) grant monies, the Town is eligible to receive funding for use in a variety of park-related improvement projects. Qualified project costs include acquisition, development, improvement rehabilitation, restoration, enhancement and the development of interpretive facilities of local parks and recreational lands and facilities. All proposed projects require a project application to the State Parks Department, which reviews and approves or denies the application. The deadline for completion and final documentation of grant-funded projects is March 1, 2008.

Operating Budget Impacts – Parks and Public Works staff time for administrative oversight of these grants is included in the department's operating budget.

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Grant and Awards Project Fund

- ***Skateboard Park Allocation*** (410-0412) – The estimated total cost of a Skate Park is \$1 million, with \$775,000 in direct construction costs and \$225,000 in other project-related costs. The Town has approved the location of the site, the park's preliminary design, and a contribution of \$125,000 from the Per Capita Grant Funds. The City of Monte Sereno is contributing another \$100,000 from their Per Capita Grant Funds. A community fundraising committee is attempting to raise the \$775,000 of additional funds. Approximately \$44,000 has already been expended for a feasibility study, CEQA review, and the preliminary design, to be reimbursed with State bond grant funds if the project is completed within the required deadlines. As indicated in the October 4, 2004 staff report, GFAR will fund the Town expenses if the per capita funding is not available due to the timing of the project.

Operating Budget Impacts – Funds for ongoing operating costs of a skateboard park will be determined and included in the operating budget when the skateboard park project is funded.

- ***Bachman Park Irrigation System*** (410-0607) – Bachman Park is a hillside residential park with large grass areas and an inefficient watering system. Irregular slopes, shading, and lawn shapes leave areas either wet or unusable, or too dry causing the lawn to die. Utilizing \$100,000 of Proposition 12 and 40 Park Grant funding, this project will upgrade the irrigation system with computerized, adjustable, sprinkler heads that water according to need for various lawn settings, as well as reducing water use.

Operating Budget Impacts – Parks Maintenance staff time for project oversight and construction is incorporated into the Parks and Forestry FY 2006/07 operating budget workplan.

- ***Balzar Field Restroom and Facilities*** (410-0608) – The current Balzar Field facilities include two single-room restrooms which are insufficient for the increased amount of use from the Baseball Field and Los Gatos Creek Trail that has occurred over the years. As part of this project, water lines and sewer pipelines are to be upgraded along with the replacement of the building housing the restrooms, snack shack, and storage area. This project utilizes \$130,000 of Proposition 12 and 40 grant monies.

Operating Budget Impacts – Park and Engineering staff time for project oversight is incorporated into the FY 2006/07 budget workplan.

- ***Belgatos Parking Lot Resurfacing*** (410-0720) - Over time, weather and usage has degraded this 15 vehicle asphalt parking lot located at the end of Belgatos Road. This project will dig out the failed sections, resurface the lot with a slurry seal, and restripe the parking spots.

Operating Budget Impacts – Resurfacing the lot with grant funding will reduce future ongoing operating expenditures for maintenance and repairs. Park and Engineering staff time for project oversight is incorporated into the FY 2006/07 budget workplan.

- ***Blossom Hill Park Pathway*** (410-0721) – This project will repave the 14,850 square feet of the heavily used asphalt pathways inside Blossom Hill Park to repair the deteriorating walkways. Areas of erosion, should be repaired to maintain the integrity of the surface.

Operating Budget Impacts – Repaving the pathway with grant funding will reduce future operating expenditures for staff time and materials required for repairs and maintenance. Park Maintenance staff time for project oversight is incorporated into the FY 2006/07 budget workplan.

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Grant and Awards Project Fund

- ***Live Oak Manor Park Improvements*** (410-0722) – This new project for FY 2006/07 will improve several amenities including replacement of existing lighting, replacement of a gazebo roof over an existing picnic area, additional benches and resurfacing the basketball court. Existing facilities are 39 years old with significant deterioration. This park improvement project will upgrade the quality of the park's facilities to ensure the amenities are up-to-date and in safe operating order.

Operating Budget Impacts – Updating the park with grant funding will reduce future operating expenditures for staff time and materials required for repairs and maintenance. Park Maintenance staff time for project oversight is incorporated into the FY 2006/07 budget workplan.

- ***Los Gatos Creek Trail – Pathway Resurfacing*** (410-0723) – This project will repave and stripe a total of 2.14 miles of the 10 foot wide Los Gatos Creek Trail totaling 2.14 miles. One of the two sections is 1.7 miles of pathway between Miles Avenue and Roberts Road trailheads; the other is a .44 mile section behind Vasona Dam between the Garden Hill Drive and Lark Avenue trailheads. This heavily used trail was installed in 1993 and is deteriorating and in need of resurfacing and striping to ensure it is in safe and proper condition for use.

Operating Budget Impacts – Resurfacing the trail with grant funding will reduce future operating expenditures for staff time and materials required for repairs and maintenance. Park Maintenance staff time for project oversight is incorporated into the FY 2006/07 budget workplan.

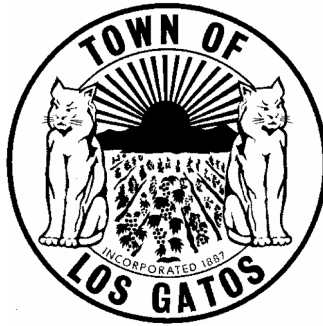
- ***Oak Meadow Restroom Facility Repairs*** (410-0724) – Oak Meadow Park's one restroom facility is a 28 foot by 60 foot brick building with separate sides and entrances for the men's and women's facilities. The restroom was constructed in 1958, and while well maintained over the years, is in need of major maintenance and repair work including a new roof, lighting, and plumbing fixtures, and both an interior and exterior paint job to improve the condition of the building.

Operating Budget Impacts – Updating the park with grant funding will reduce future operating expenditures for staff time and materials required for repairs and maintenance. Park Maintenance staff time for project oversight is incorporated into the FY 2006/07 budget workplan.

PUBLIC FACILITIES PROGRAM

Recreation Building ADA Restrooms (410-0706) – This project will remodel two restrooms in the Town owned building occupied by the Los Gatos Saratoga Recreation District to bring the facility into compliance with Americans with Disabilities Act (ADA). To make the restroom fully wheelchair accessible, one restroom will consist of two stalls, the other will be one stall with urinal. Toilet stalls and plumbing fixtures that cannot be adjusted to comply with ADA clearance requirements will be replaced.

Operating Budget Impacts – Remodeling the restrooms with grant funding will reduce future operating expenditures for staff time and materials required for repairs and maintenance. Building Maintenance staff time for project oversight is incorporated into the FY 2006/07 budget workplan.



Capital Improvement Program

STORM DRAIN FUNDS FUNDS 461, 462, 463

FUND PURPOSE

The Storm Drain Funds are designated for support of the storm drain system that carries surface runoff water off of the Town's streets and routes it into curbside catch basins. From there, the runoff enters an underground pipe system that ultimately flows to the San Francisco Bay. These Storm Drain Funds construct and maintain the Town's facilities which collect and transport the surface runoff water.

Storm Drain revenues are a designated portion of the fees collected from private development planning permit fees. Town Code Section 24.60.010 et. sec. requires fees to be paid in conjunction with development in specified local drainage areas. Fees collected are placed in one of the funds known as Storm Drain Basin #1 (Fund 461), Storm Drain Basin #2 (Fund 462), and Storm Drain Basin #3 (Fund 463). The use of these funds is restricted to the construction of drainage facilities located in the prescribed areas.

BUDGET OVERVIEW

The use of these fees is controlled through Town Council action, and the benefit of each project is evaluated for impacts to a prescribed local drainage area. Expenditures from storm drain fees are limited to new construction only, not repair or maintenance work. The Alley Reconstruction projects, in part funded with Storm Drain funds, was completed in FY 2005/06. The Wedgewood Avenue project scope was decreased with the denial of the VTA Grant funding, however the Storm Drain funding will be carried forward to install a storm drain system into this roadway to improve pedestrian, bicyclist, and motorist safety. The Los Gatos Almaden Road resurfacing project will also be carried forward into FY 2006/07 as the design work is completed and the construction to improve the storm drain system in coordination with the repaving of the roadway will occur in late summer, 2006.

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Storm Drain Fund - 461

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03 Actuals	2003/04 Actuals	2004/05 Actuals	2005/06 Adopted	2005/06 Estimated	2006/07 Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Unrestricted	308,209	380,371	324,241	440,188	440,188	279,188
Total Beginning Fund Balance	308,209	380,371	324,241	440,188	440,188	279,188
Revenues						
Miscellaneous Other Taxes	61,832	42,275	127,357	70,000	50,000	52,000
Interest Income	10,330	8,320	8,790	6,000	4,000	7,000
Operating Transfers	-	-	-	-	-	-
Total Revenues	72,162	50,595	136,147	76,000	54,000	59,000
TOTAL SOURCE OF FUNDS	\$ 380,371	\$ 430,966	\$ 460,388	\$ 516,188	\$ 494,188	\$ 338,188
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Capital Projects - Carryfwd	-	-	-	-	-	-
Capital Projects - CY	-	106,725	20,200	215,000	215,000	50,000
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	-	106,725	20,200	215,000	215,000	50,000
Operating Transfers						
Transfer to General Fund	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Unrestricted	380,371	324,241	440,188	301,188	279,188	288,188
Total Ending Fund Balance	380,371	324,241	440,188	301,188	279,188	288,188
TOTAL USE OF FUNDS	\$ 380,371	\$ 430,966	\$ 460,388	\$ 516,188	\$ 494,188	\$ 338,188

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Storm Drain Fund - 462

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03 Actuals	2003/04 Actuals	2004/05 Actuals	2005/06 Adopted	2005/06 Estimated	2006/07 Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Unrestricted	197,266	240,845	289,312	498,008	498,008	700,622
Total Beginning Fund Balance	197,266	240,845	289,312	498,008	498,008	700,622
Revenues						
Miscellaneous Other Taxes	36,959	42,377	200,106	35,000	200,000	45,000
Interest Income	6,620	6,090	8,590	6,000	10,000	7,400
Operating Transfers	-	-	-	-	-	-
Total Revenues	43,579	48,467	208,696	41,000	210,000	52,400
TOTAL SOURCE OF FUNDS	\$ 240,845	\$ 289,312	\$ 498,008	\$ 539,008	\$ 708,008	\$ 753,022
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Capital Projects - Carryfwd	-	-	-	-	-	192,614
Capital Projects - CY	-	-	-	200,000	7,386	-
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	200,000	7,386	192,614
Operating Transfers						
Transfer to General Fund	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Unrestricted	240,845	289,312	498,008	339,008	700,622	560,408
Total Ending Fund Balance	240,845	289,312	498,008	339,008	700,622	560,408
TOTAL USE OF FUNDS	\$ 240,845	\$ 289,312	\$ 498,008	\$ 539,008	\$ 708,008	\$ 753,022

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Storm Drain Fund - 463

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Unrestricted	132,757	141,539	166,760	200,676	200,676	234,176
Total Beginning Fund Balance	132,757	141,539	166,760	200,676	200,676	234,176
Revenues						
Miscellaneous Other Taxes	4,792	21,791	29,466	18,000	30,000	15,000
Interest Income	3,990	3,430	4,450	4,000	3,500	4,400
Operating Transfers	-	-	-	-	-	-
Total Revenues	8,782	25,221	33,916	22,000	33,500	19,400
TOTAL SOURCE OF FUNDS	\$ 141,539	\$ 166,760	\$ 200,676	\$ 222,676	\$ 234,176	\$ 253,576
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Operating Expenditures	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Operating Transfers						
Transfer to General Fund	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Unrestricted	141,539	166,760	200,676	222,676	234,176	253,576
Total Ending Fund Balance	141,539	166,760	200,676	222,676	234,176	253,576
TOTAL USE OF FUNDS	\$ 141,539	\$ 166,760	\$ 200,676	\$ 222,676	\$ 234,176	\$ 253,576

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Storm Drain Funds

STORM DRAIN CIP PROJECTS
FY 2006/07

	Est Exp Prior to FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
Completed Projects					
Alley Reconstruction	-	215,000	-	-	215,000
Total of Completed Projects	-	215,000	-	-	215,000
Carryforward Projects					
Wedgewood Ave Street Imprv	-	7,386	192,614	-	200,000
Los Gatos Almaden Street Imprv	-	-	-	50,000	50,000
Total of Carryforward Projects	-	7,386	192,614	50,000	250,000
Storm Drain Project Totals:	-	222,386	192,614	50,000	465,000

FY 2006/07 KEY PROJECTS

The following are carryforward projects for FY 2006/07 with updated status reports:

STREETS PROGRAM

- **Wedgewood Storm Drain Improvements** (462-0521) – This project will install a functional storm drain system on Wedgewood Avenue, from Wimbledon Drive to Granada Way, and will also construct curb, gutter and sidewalks on the south side of Wedgewood Avenue to accommodate the need for a safe pedestrian access to the area.

Operating Budget Impacts – Ongoing annual maintenance to clear the storm drain ditches of dirt and debris will be greatly reduced, as the ditch will be replaced by an underground pipe system. Engineering staff time for project design and oversight is incorporated into the operating budget workplan.

- **Los Gatos Almaden Street Improvements** (410-0606) – Los Gatos Almaden Road will be rehabilitated and resurfaced through grant funding of \$277,504 awarded to the Town from the Surface Transportation Program, and \$40,000 of Gas Tax funding. In addition, \$50,000 from the Storm Drain Fund will fund the construction of sidewalks, gutters, and storm drains along a portion of this street that is roadway asphalt abutting dirt pathways. The STP grant funding provides for arterial and collector roads to be rehabilitated and resurfaced. Any remaining grant funding will be applied to street rehabilitation work on neighboring collector roadways, such as Camino Del Cerro, Lester Lane, and National Avenue.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.



Capital Improvement Program

UTILITY UNDERGROUND FUND 474

FUND PURPOSE

This fund accounts for the resources generated and utilized for placing overhead utility lines underground in the effort to improve power reliability, reduce utility maintenance costs, and remove unsightly poles and lines.

The Utility Underground Fund accrues a Construction Tax Revenue generated from building permits. The tax is imposed upon the construction of any building, portion of a building, or mobile home lot. Construction by definition means either new construction or enlargement. The underground utility tax imposed is a fixed rate per square foot, currently set at \$.18 for each square foot of building addition or alteration. The proceeds of the tax are limited to the conversion of existing overhead utility lines to underground lines.

Utility Underground projects may also be funded by Pacific Gas and Electric Company's (PG&E) Rule 20A funds. Projects which will eliminate a heavy concentration of overhead electric lines in areas used extensively by the general public are nominated by the Town to PG&E. Approved projects are then funded through the Town's allocation of Rule 20A funds, which are electric tariffs accumulated by PG&E as a percentage of electric bills. The Town's allocation typically is in the range of \$150,000 annually.

BUDGET OVERVIEW

The use of Utility Underground Fund fees is controlled through Town Council action, after the benefit of each project is evaluated to ensure appropriate application of the fees to eligible projects. Projects have not been scheduled in recent years which have allowed the fund to accumulate funding for future Utility Underground projects. The Highway 9 / Utility Underground project is currently being planned for development in conjunction with GFAR and the Traffic Mitigation Funds, however development activity is not scheduled to begin until FY 2009/10, therefore the project is not included in the FY 2006/07 budget document.

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Utility Underground Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03 Actuals	2003/04 Actuals	2004/05 Actuals	2005/06 Adopted	2005/06 Estimated	2006/07 Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Unrestricted	1,677,111	1,769,684	1,873,570	1,973,182	1,973,182	2,043,182
Total Beginning Fund Balance	1,677,111	1,769,684	1,873,570	1,973,182	1,973,182	2,043,182
Revenues						
Miscellaneous Other Taxes	42,623	62,996	53,442	50,000	30,000	45,000
Interest Income	49,950	40,890	46,170	45,000	40,000	50,000
Operating Transfers	-	-	-	-	-	-
Total Revenues	92,573	103,886	99,612	95,000	70,000	95,000
TOTAL SOURCE OF FUNDS	\$1,769,684	\$1,873,570	\$1,973,182	\$2,068,182	\$2,043,182	\$2,138,182
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Capital Projects - Carryfwd	-	-	-	-	-	-
Capital Projects - CY	-	-	-	-	-	-
Operating Expenditures	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Operating Transfers						
Transfer to General Fund	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Unrestricted	1,769,684	1,873,570	1,973,182	2,068,182	2,043,182	2,138,182
Total Ending Fund Balance	1,769,684	1,873,570	1,973,182	2,068,182	2,043,182	2,138,182
TOTAL USE OF FUNDS	\$1,769,684	\$1,873,570	\$1,973,182	\$2,068,182	\$2,043,182	\$2,138,182

Capital Improvement Program

GAS TAX FUND FUND 480

FUND PURPOSE

Gas Tax Fund Revenue is a state provided funding source enacted by state statute provision to municipalities for the purpose of street and highway maintenance and reconstruction. Street and Highway Code Sections 2105, 2106, 2107, and 2107.5 govern the Gas Tax Fund. Expenditures from this fund are restricted to new construction and reconstruction of Town streets. The general classification of street and road working activities consist of: construction; maintenance; and overhead.

Construction is the building or rebuilding of streets, roads, bridges, and acquisition of rights of way or their component parts, to a degree that improved traffic service is provided and geometric or structural improvements are effected. The following types of work are examples of street and road construction:

- The removal of old streets, roadbeds, and detour costs connected with a construction project
- Change of alignment, profile and cross-section
- Addition of a frontage street or road
- The installation of original traffic signs and markers on routes
- A complete reconstruction or an addition to a culvert
- Reconstruction of an existing bridge or installation of a new bridge
- Installations or extensions of curb, gutter, sidewalks, and under drain
- Installation or expansion of street or road lighting system

Maintenance is the preservation and upkeep of a street or road condition, and the operation of a street or road facility and its integral services to provide safe, convenient, and economical highway transportation. Maintenance categories include:

- Patching, repairing, surface treating, and joint filing on bituminous or concrete surfaces
- Resealing street or road shoulders and side street and road approaches
- Removing slides and restoring facilities damaged by slides
- Mowing, tree trimming and watering within the street right-of-way
- Repairing curb, gutter, rip-rap, under drain, culverts, and drains
- Repainting of pavements, striping and marking to the same standards
- Furnishing of power for street and road lighting and traffic control

Overhead includes those elements of cost necessary in the production of an article or performance of a service, which are of a nature that the amounts applicable to a function are not readily discernible. Usually overhead relates to expenditures which do not become an integral part of the finished product or

∞ CAPITAL IMPROVEMENT PROGRAM ∞
Gas Tax Fund

service. Overhead costs are only allowed under an approved cost allocation plan, or an equitable and auditable distribution of overhead to all departments. Components of overhead expenses include:

- Management
- Procurement
- Advertising
- Legal Costs
- Payroll
- General Accounting/Finance
- Facilities

Ineligible Activities

Although many types of work may be classified as “construction,” this does not make them automatically eligible. To be eligible the work must be for street or road purposes. The following is a list of the types of expenditures, which are not eligible:

- Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation
- New installation of utilities, including water mains, sanitary sewers and other non-street facilities
- Decorative lighting
- Work outside the right-of-way, which is not a specific right-of-way obligation
- Maintenance or construction on alleys, which have not been formally designated as part of the jurisdiction’s street and road system
- Improvements and maintenance to ‘Park and Ride’ designated lots

BUDGET OVERVIEW

Gas Tax Fund revenues are budgeted equal to estimated levels for the prior year as the revenue has shown both an increase and a decrease in recent years. With the recent escalation in gasoline prices, the projection for FY 2006/07 may be conservative, however conservative judgment recommends using a lower estimate in this volatile market. Two projects will be carried forward from FY 2005/06: the ongoing Street Repair and Resurfacing Program Project, and the Los Gatos Almaden Road project.

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Gas Tax Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03 Actuals	2003/04 Actuals	2004/05 Actuals	2005/06 Adopted	2005/06 Estimated	2006/07 Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Unrestricted	1,108,517	567,994	498,239	929,546	929,546	574,315
Total Beginning Fund Balance	1,108,517	567,994	498,239	929,546	929,546	574,315
Revenues						
Intergovernmental	553,752	556,109	553,021	431,000	546,000	546,000
Interest Income	25,720	11,780	18,530	13,000	15,000	16,700
Operating Transfers	-	-	-	-	-	-
Total Revenues	579,472	567,889	571,551	444,000	561,000	562,700
TOTAL SOURCE OF FUNDS	\$1,687,989	\$1,135,883	\$1,069,790	\$1,373,546	\$1,490,546	\$1,137,015
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Capital Projects - Carryfwd	-	-	-	-	-	40,000
Capital Projects - CY	1,013,995	531,024	34,244	850,231	810,231	500,000
Fixed Assets	-	-	-	-	-	-
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	1,013,995	531,024	34,244	850,231	810,231	540,000
Operating Transfers						
Transfer to General Fund	106,000	106,620	106,000	106,000	106,000	106,000
Total Operating Transfers	106,000	106,620	106,000	106,000	106,000	106,000
Ending Fund Balance						
Unrestricted	567,994	498,239	929,546	417,315	574,315	491,015
Total Ending Fund Balance	567,994	498,239	929,546	417,315	574,315	491,015
TOTAL USE OF FUNDS	\$1,687,989	\$1,135,883	\$1,069,790	\$1,373,546	\$1,490,546	\$1,137,015

⌘ CAPITAL IMPROVEMENT PROGRAM ⌘
Gas Tax Fund

GAS TAX CIP PROJECTS
FY 2006/07

	Est Exp Prior to FY 2005/06	Expenditures During FY 2005/06	Estimated Carryforward	New Funding FY 2006/07	Total Budgeted
<i>Carryforward Projects</i>					
Street Repair & Resurfacing	1,453,166	810,231	-	500,000	2,763,397
Los Gatos Almaden Street Imprv	-	-	40,000	-	40,000
Total of Carryforward Projects	1,453,166	810,231	40,000	500,000	2,803,397
<i>New Projects</i>	-	-	-	-	-
Total of New Projects	-	-	-	-	-
Total of Gas Tax Projects	1,453,166	810,231	40,000	500,000	2,803,397

FY 2006/07 KEY PROJECTS

The Gas Tax Fund has two carryforward projects with remaining funding and additional appropriations:

STREETS PROGRAM

- ***Street Repair and Resurfacing*** (480-0352) – The Town's Street Resurfacing Program of preventative and deferred maintenance includes both carryforward funds and new appropriations. The work to be performed consists of a balanced program of surface seals, street reconstructions and pavement overlays, with supplemental ongoing maintenance activities performed by the Town's Park and Public Works department staff. Over the last five years, substantial progress was made towards improving the condition of the streets in Los Gatos, with nearly half of the streets receiving various resurfacing treatments. From this investment, the Pavement Condition Index (PCI) that was 64 in 2000 was raised up to 72 in 2005. Keeping the PCI at 72 would require approximately \$1.9 million dollars annually, however, Town funds are not available for this level of maintenance. Alternative financing options are being reviewed, and limited funding may be available from year end fund balance in future years.

Operating Budget Impacts - Engineering staff time for project design and oversight is incorporated into the operating budget workplan.

- ***Los Gatos Almaden Street Improvements*** (410-0606) – Los Gatos Almaden Road will be rehabilitated and resurfaced through grant funding of \$277,504 awarded to the Town from the Surface Transportation Program, and \$40,000 of Gas Tax funding. In addition, \$50,000 from the Storm Drain Fund will fund the construction of sidewalks, gutters, and storm drains along a portion of this street that is roadway asphalt abutting dirt pathways. The STP grant funding provides for arterial and collector roads to be rehabilitated and resurfaced. Any remaining grant funding will be applied to street rehabilitation work on neighboring collector roadways, such as Camino Del Cerro, Lester Lane, and National Avenue.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2006/07 budget workplan.